

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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APR 25 1995

In the Matter of
Unbundling of Local Exchange
Carrier Common Line Facilities

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RM-8614

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Reply Comments of
Residential Communications Network of New York, Inc.
In Support of Petition for Rulemaking

Residential Communications Network of New York, Inc. ("RCN-NY") respectfully submits these reply comments in support of the above-captioned petition for rulemaking filed with the Commission by MFS, seeking unbundling of the local loop.

RCN-NY is a New York corporation, wholly owned by C-TEC Cable Systems, Inc., a Delaware corporation engaged in operating cable television systems in a number of communities in the northeastern and midwestern regions of the Nation. C-TEC Cable Systems, Inc. is in turn wholly owned by C-TEC Corporation, a publicly-traded Pennsylvania corporation headquartered in Wilkes-Barre, Pennsylvania. C-TEC Corporation owns and operates companies offering a variety of communications services including local telephone service,¹ long distance telephone service, and paging service. RCN-NY has been granted a Certificate of Public Convenience and Necessity by the New York Public Service Commission, authorizing it to provide local exchange and other forms of telephone service in the State of New York.² The company plans to offer

¹ Commonwealth Telephone Company, a subsidiary of C-TEC Corporation, provides local exchange service in several areas in Pennsylvania.

² *Order Issuing Certificate of Convenience and Necessity*, Case No. 94-C-0028, issued August 25, 1994.

a full range of local telephone services, concentrating primarily on marketing to residential subscribers, beginning later this year.

RCN-NY strongly supports MFS' effort to require the unbundling of the local loop. Unbundling incumbent LEC networks will promote effective competition. Individual network functions must be identified and, to the extent reasonably feasible, offered separately from each other. The cost of each separately identified function must, in turn, be determined by a fully developed incremental cost methodology. These requirements ensure the ability of potential competitors to obtain access to those portions of the local exchange network required to offer competitive services. By pricing services on a fully developed incremental cost basis, the Commission would send the proper signal to competitors concerning efficient investment decisions in competing networks.

Several LECs, in their comments opposing the Petition for Rulemaking, have suggested that mandatory loop unbundling is unnecessary because competitive local exchange services can be delivered over other facilities, including specifically cable television networks. As a subsidiary of a cable television system operator and an affiliate of an incumbent LEC, RCN-NY has a unique perspective on these issues. RCN-NY believes that if the Commission wishes to promote fully effective and robust competition, particularly for residential subscribers, unbundling of the incumbent LECs' loop facilities is essential. Without loop unbundling, competition in local exchange and switched access services will develop much more slowly, and will bring benefits only to limited subscriber groups.

RCN-NY in fact intends to use the cable facilities of its parent company, where possible, to deliver dial tone to residential subscribers. However, C-TEC Cable Systems serves only a

relatively small number of communities in upstate New York. Without unbundling of LEC loops, RCN-NY would be limited to serving the customers passed by the C-TEC cable network, which would be only a very small percentage of the population of New York State. However, RCN-NY wishes to market its services more broadly, which as a practical matter it can do only by using the existing loop facilities of incumbent LECs for access to the premises of those subscribers who are not C-TEC cable subscribers (either because they do not live in the C-TEC service area or because they choose not to purchase C-TEC cable service). Alternative facilities, such as the networks of other cable systems or of competitive access providers, can provide access only to limited portions of the potential subscriber base, while only the LEC can provide access to virtually all residential premises.

Moreover, as a matter of public policy, the Commission should not promote a market structure in which only two entities (the incumbent LEC and the cable provider) have the practical ability to offer local exchange service in any given geographic area. Loop unbundling will permit more entities to offer dial tone services and thereby encourage much more vigorous and beneficial competition for the residential and small business markets.

For the foregoing reasons, RCN-NY strongly urges the Commission to issue promptly a Notice of Proposed Rulemaking addressing the issues raised in MFS' Petition.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Andrew D. Lipman", is written over the printed name.

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April 25, 1995

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of April 1995, copies of Reply Comments of Residential Communications Network of New York, Inc. were served by first-class mail, postage prepaid, on the following:

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